

auto industry. Although our friends on the other side have been talking about this issue with increasing frequency, they have yet to indicate how they plan to move forward. There is clearly a deep controversy about using funds designed to strengthen our credit markets to shore up distressed companies and other industries. We all understand that. It is one of the main reasons why there is still a significant lack of support from both sides of the aisle to that particular kind of approach.

It is an understatement to say there is deep concern about the impact of more than \$100 billion of new deficit spending in the bill that has been put forward. So let me suggest a bipartisan path forward that has not yet been offered by the majority. It is a compromise being worked on by Senators VOINOVICH and BOND which repropose funds already appropriated, money we have already appropriated to fund a \$25 billion loan program for auto makers to build advanced technology vehicles—coupled with new taxpayer protections and Federal oversight about how the money is spent. This is a proposal which I believe has support from both sides of the aisle and that actually has the potential to pass right now, not next year. There is a way forward that will help protect the jobs in the auto industry while also protecting the taxpayers. Senators VOINOVICH and BOND are working with colleagues across the aisle to protect taxpayers and our long-term economic health. Should this compromise approach be approved by the Congress, it is the only proposal now being considered that we believe President Bush will sign. It could actually become law and become law in the very near future.

As we move forward, we must do so in a bipartisan way on this and the myriad of other issues to come, and a good place to start would be right now. I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business, with Senators permitted to speak up to 10 minutes each.

The Senator from Louisiana is recognized.

AUTO INDUSTRY BAILOUT PROPOSALS

Mr. VITTER. Mr. President, I rise to express my grave concerns about all of the auto industry bailout proposals. I do that for two fundamental reasons. First of all, I am very concerned of this ever-widening bailout fever, bailout mania. We are now going well beyond

the financial industry. We are crossing what was supposed to be a bright line and going to other sectors of major manufacturing, starting with the auto companies, but I am convinced it certainly will not end there.

The second reason I am very concerned is for the sake and future of the auto companies and those workers themselves, because I am convinced that if we pass this type of bailout proposal, it will not save the auto companies, it will absolutely ensure their demise. That is because it is a bailout that is not coupled in any way with fundamental restructuring and fundamental reform.

Let me go back to the original financial industry bailout proposal. On September 29, I announced my strong opposition to that, based on many reasons which I articulated here on the Senate floor. One of them was that I thought it would invite many more bailouts to come. As I said, it was "an unprecedented government bailout that will almost certainly pave the way for even more, maybe sooner rather than later."

Even as I spoke then on September 29, quite frankly I never would have guessed that we would be at that point now, so soon, a few weeks later. But we are. Again, what started as an idea about the banking industry—don't let it fail; only about financial services industries—is now ever widening.

First of all, it has been widened within the TARP program itself, because while Treasury Secretary Paulson came to Congress, came to Capitol Hill with a very clear message of what that program was about—buying bad assets, taking them off the books of financial companies—even within that program we have already moved on to plan B, which is infusing money directly into banks. And now we are moving on to plan C, infusing money into other sectors such as consumer credit cards, student loans, and other ventures. So even within that TARP bailout structure we have expanded the bailouts and moved on from plan A, which was the entire premise on which Congress passed the legislation, to plan B and to plan C.

Now we are about to cross a much brighter line and we are potentially expanding this bailout fever much more by going well beyond the financial industry, by going well beyond the banking system, well beyond the promise we simply need to stabilize the banking system, to now saving companies because they are big, because they are, in a word, too big to allow to fail.

I think that is a fundamental mistake. But as I said, the other reason I think it is a fundamental mistake has to do with the companies' futures and the workers' futures themselves. I think this auto industry bailout proposal is a fundamental mistake because I believe it will not only not save those companies, but I believe it will absolutely doom them to eventual failure—yes, a few months later rather

than now, but will absolutely doom them to eventual failure.

Why do I say that? For a simple reason; because these proposals are not coupled in any way with the fundamental restructuring that the American auto companies need to become competitive and to survive.

A few weeks ago when we talked about the financial crisis, we were focused on just that, a financial crisis within the banking industry, within financial institutions. That was about credit freezing up and impacting the economy in an overall way. But of course auto companies' problems and challenges predate that by years and years. Certainly the financial crisis made their immediate situation worse, made their immediate straits more challenging, but their ultimate challenge and their ultimate troubles have nothing to do with this immediate financial crisis. They have to do with the legacy costs and very high labor and other costs that those companies are burdened by, which makes them fundamentally uncompetitive with their worldwide competitors today.

What am I talking about? That extra burden brought on by legacy costs and union obligations is estimated to be about \$2,000 per car for the big three auto manufacturers—\$2,000 per car. What does that mean? What it means is Ford, for example, needs to cut \$2,000 worth of features out of its Taurus to compete with, say, Toyota's Avalon. It is no surprise that the Avalon feels like a better product. It is a better product. It has \$2,000 more features, in terms of comparable sales prices, when it goes to the lot. Of course it is going to be a better product.

Another example is the U.S. auto companies and their unions admit that union demands have driven up labor costs at the big three U.S. auto manufacturers to \$30 per hour more than their foreign-owned competitors, including competitors such as Toyota that employ Americans and produce cars in America right here and now.

How can the big three possibly remain competitive in a worldwide economy with that sort of disadvantage? And throw on top of that the fact that the CEO of GM managed to get a 64-percent pay raise recently despite his company's shares dropping more than 90 percent over the past 52 weeks. That is not a recipe to stay or become competitive, that is a recipe for failure.

The reason the auto companies will be doomed to that failure if we pass this bailout is because we are giving them plenty of taxpayer dollars without demanding the fundamental restructuring, the fundamental revisiting of those additional costs, these extraordinary labor costs, those burdensome legacy costs that it will take to make them competitive on a worldwide stage.

My argument is very simple: Let's not cross that bright line. Let's not expand in a fundamental way bailout fever for the good of our free market